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Meeting - ER

25 August 1986

MEMORANDUM FOR THE RECORD

SUBJECT: DDA Decisions on Retirement Policy Issue

The Directors of Personnel and Information Technology, the Deputy Director of Finance, the Deputy Director of Personnel for Employee Benefits and Services, [redacted] OF member of Retirement Policy Group, and I met with the Deputy Director for Administration and the Associate DDA on 25 August to discuss policy considerations arising out of discusions of the Retirement Working and Policy Groups. Because of the complexity of these issues and their Agency wide impact, they were brought to the DDA for his resolution. A copy of the Agenda for the meeting and explanatory notes are attached. The issues discussed were: 25X1

(1) Should the Agency attempt to begin administering all employee retirement systems on 1 January 1987 or should it wait until the completion of the automation of the retirement process that would take one to two years to complete?

The discussion focused on whether the Agency should begin administering all of the retirement systems on 1 January 1987 or to delay administration until it had more time to prepare to assume this activity. If the Agency waited, it presumably would be able to do things better, would have automated systems in place to facilitate the administration, and would have more resources available to do the work. It was acknowledged that it would be very difficult to begin on 1 January 1987, but the consensus was that because the Agency had made such a strong case for internal administration it had to assume this responsibility on that date.

(2) The resource needs for retirement administration for 1986-1987 and beyond were discussed. The resources identified were based on the attached joint initiative prepared by the Office of Finance.

The concern expressed at the meeting was the impact that any money and additional personnel provided in FY 86 would have on our ability to carry out our new responsibilities. It was generally acknowledged that even if positions were given to the retirement effort no people would be available to fill them any time soon. Likewise, it was generally agreed that the effect of making the $210,000 requested available in FY 1986

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would be negligible. The best that could be accomplished by providing funds now would be to place orders for the equipment. Placing the orders in FY 86 would mean that the equipment probably would be available two months or so earlier. Mr. Mahoney indicated that in order to obtain the needed equipment in a timely fashion OIT would have to divert items from an existing order such as the one for the Office of Information Resources. Mr Donnelly indicated that he was committed to meeting the resources needed for retirement administration in 1987, but would not make such a commitement for FY86.

(3) Should the final computation of employee annuities be done in the Office of Personnel or should they continue to be done in the Office of Finance and in the Office of Personnel as they are today?

The purpose of the Office of Finance's role in the computation of annuities was discussed. It was suggested that some resources might be saved if OF did not have to perform this function and the Office of Personnel had full responsibility for this computation. [redacted] 25X1 indicated that it took Finance personnel only about 10 minutes to do the computations on each annuitant. Mr. Mahoney wanted to know if there were many occasions in which the computations prepared by the two offices differed. [redacted] indicated that there were not many differences. 25X1 Mr. Donnelly decided that the Office of Finance will continue to do the computations during the interim period i.e. until automated systems for computing the annuities were available. When the automated system becomes operational, then the final responsibility for these computations would reside with the Office of Personnel.

(4) Should CIARDS participants be allowed to transfer into the Federal Employees Retirement System?

The transfer option under the new system was discussed, as well as the ambiguity of the law regarding the ability of someone in CIARDS to transfer into regular FERS. The latter would give CIARDS participants the opportunity to work beyond their mandatory retirement date. OGC had indicated that whereas the law did not preclude this possibility, the DCI could prevent such transfers through implementing regulations. On previous occasions when CIARDS participants had been given the opportunity to revoke their CIARDS membership, it was when the retirement age for a Civil Service Retirement System participant had been extended. The consensus of the group was that allowing CIARDS participants to transfer to regular FERS would be contrary to our arguments on the Hill that we needed early retirement to maintain a young and vigorous work force. Mr. Donnelly decided that as a general policy, transfers from CIARDS to regular FERS would not be allowed. CIARDS employees could transfer into FERS special category just as their Civil Service coounterparts could transfer into regular FERS. Under current regulations, the DCI could grant waivers to mandatory retirement from CIARDS and if an employee wanted to work beyond the mandatory retirement age he couild seek such a waiver.

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(5) The Working Group recommendation that the Office of Personnel assume responsibility for administering the Thrift Savings Plan was presented.

There was considerable discussion about where the responsibility for administering the Thrifts Savings Plan should rest. The case was made that the Office of Personnel managed the Voluntary Investment Program and because of this experience was the logical candidate to administer the Thrift Plan. No other component had expressed interest in taking on this responsibility. In addition, the Retirement Division's role in counseling employees about retirement benefits made it a logical candidate to provide advice on contributions to the Savings plan. The DDA decided that the responsibility administering the Plan should be vested in the Office of Personnel.

[redacted] 25X1

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